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MINUTES OF JOINT MEETING  
CABINET COUNCIL ON COMMERCE AND TRADE AND  
TRADE POLICY COMMITTEE  
Meeting #53, February 2, 1983  
3:00 p.m., Room 194

Attendees: Messrs. Baldrige, Brock, Block, Macdonald, Archibald, Trent, Wright, McNamar, Niskanen, Wallis, Fiske, Hesse, Rose, Carliner, Driggs, Olmer, West, Harper, Gunn, McMinn, Pratt, Murphy, Whitfield, Feketekuty, Montgomery, Garfinkel, DeKieffer, Byler, and Ms. Risque, and Ms. Small

Japan Trade Issues

Ambassador Brock led a discussion of U.S. trade policy objectives vis-a-vis Japan. He cited a number of specific trade issues concerning Japan that the Administration would need to address in the coming weeks, including: the section 301 petition against Japan on carbon steel, Japanese auto exports to the U.S., and the Houdaille petition. Ambassador Brock noted that pressure was building in the Congress for dramatic action against Japan.

Houdaille Petition

Ambassador Brock outlined the allegations against Japan set forth in the Houdaille petition. He stated his view that through the use of subsidies, and cartelization of the N.C. machine tool industry, the Japanese had "nullified and impaired" rights granted to the U.S. by Japan under the GATT. This "nullification and impairment" would justify, in his opinion, appropriate action under Section 301 of the Trade Act of 1974. The discussion then focused on the condition of U.S. machine tool industry and what impact quantitative restraints or some other remedy would have on the industry's health. It was agreed that additional analysis of the impact of various remedies would need to be undertaken before a decision could be made on the issue.

Section 301 Against Japan on Steel

Ambassador Brock outlined the Section 301 case brought by the American Iron and Steel Institute against Japan. The gravamen of the case is that the Japanese and the E.C. have divided markets through a GATT illegal cartel. The U.S. steel industry, he indicated, wants assurance that the Japanese will not surge their exports to the U.S. as the American economy recovers. Ambassador Brock stated that he would advise the Japanese of the U.S. industry's concern during his upcoming visit to Tokyo.